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AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN I-SPRINT INNOVATIONS PTE LTD

Financial adviser to Automated Systems Holdings Limited



SOMERLEY LIMITED

The Board is pleased to announce that, on 28 March 2011, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell, and to procure the other Target Shareholders to sell, the Sale Shares. The Acquisition is subject to the satisfaction of the conditions as set out in the paragraph headed "Conditions precedent" below. The Consideration payable by the Purchaser to the Vendor for the Sale Shares and for settlement by the Vendor of all outstanding and issued share options of the Target Company is S\$7.9 million (equivalent to approximately HK\$47.4 million) (subject to adjustment), which will be paid in cash in five instalments to the Vendor. Other major terms of the Sale and Purchase Agreement are described in the section headed "The Sale and Purchase Agreement" below.

As one of the applicable percentage ratios as defined under the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to notification and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 28 March 2011, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor, entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell, and to procure the other Target Shareholders to sell, the Sale Shares.

THE SALE AND PURCHASE AGREEMENT

Date

28 March 2011

Parties

- (i) the Purchaser (as purchaser);
- (ii) the Vendor (as vendor);

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell, and to procure the other Target Shareholders to sell, the Sale Shares. The Sale Shares represent the entire issued and paid-up share capital of the Target Company.

The Purchaser will not be obliged to complete the sale and purchase of any of the Sale Shares unless the sales by the Vendor and the Target Shareholders of all the Sale Shares are completed simultaneously.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Vendor and the Target Shareholders and its ultimate beneficial owner (if applicable) is independent of the Company and its connected persons.

Consideration

The Consideration payable to the Vendor for the Sale Shares and for settlement by the Vendor of all outstanding and issued share options of the Target Company is S\$7.9 million (equivalent to approximately HK\$47.4 million) (subject to adjustment). The Consideration will be paid by the Purchaser to the Vendor in cash in five instalments, comprising the following sums:

- (1) S\$4.9 million (equivalent to approximately HK\$29.4 million), being the first instalment (the “**First Instalment Sum**”);
- (2) S\$0.25 million (equivalent to approximately HK\$1.5 million), being the second instalment (the “**Second Instalment Sum**”);
- (3) S\$0.35 million (equivalent to approximately HK\$2.1 million), being the third instalment (the “**Third Instalment Sum**”);
- (4) S\$0.5 million (equivalent to approximately HK\$3.0 million), being the fourth instalment (the “**Fourth Instalment Sum**”); and
- (5) S\$1.9 million (equivalent to approximately HK\$11.4 million), being the last instalment (the “**Last Instalment Sum**”) (subject to adjustment).

The abovementioned instalment arrangements of the Consideration are set out below:

1. The First Instalment Sum shall be paid by the Purchaser to the Vendor at Completion;

2. The Second Instalment Sum shall be paid by the Purchaser to the Vendor no later than 25 Business Days after:
 - the audited consolidated financial statements of the Target Group for the financial year ending 31 March 2011 and the audited consolidated financial statements of the Target Group for the three months ending 31 March 2011 having been issued by the Target Company and its auditors and received by the Purchaser; and the Management EBIT figure for the three months ending 31 March 2011 having been received by the Purchaser from the Team and having been reviewed and verified by the management team of the Purchaser (the “**Purchaser’s Management**”) and confirmed by both the Purchaser and the Vendor in accordance with the terms of the Sale and Purchase Agreement; and
 - provided always that if the Target Group does not achieve the First Management EBIT Target, it is agreed that payment of the Second Instalment Sum shall be deferred to: (i) in the event that the Accumulated Management EBIT Target is achieved, the same date as the payment date of the Third Instalment Sum; or (ii) in the event that the Accumulated Management EBIT Target is not achieved, the same date as the payment date of the Last Instalment Sum;
3. The Third Instalment Sum shall be paid by the Purchaser to the Vendor no later than 25 Business Days after:
 - the audited consolidated financial statements of the Target Group for the financial year ending 31 March 2012 (the “**FY2012 Accounts**”) having been issued by the Target Company and its auditors and received by the Purchaser; and the Management EBIT figure for the financial year ending 31 March 2012 and the accumulated Management EBIT figure for the three months ending 31 March 2011 and the financial year ending 31 March 2012 having been received by the Purchaser from the Team and having been reviewed and verified by the Purchaser’s Management and confirmed by both the Purchaser and the Vendor in accordance with the terms of the Sale and Purchase Agreement; and

- provided always that if by 29 June 2012: (i) the FY2012 Accounts have not been issued; (ii) the Management EBIT figure for the financial year ending 31 March 2012 or the accumulated Management EBIT figure for the Target Group for the three months ending 31 March 2011 and the financial year ending 31 March 2012 have not been determined; and/or (iii) the Purchaser's Management has not completed their review and verification of the computation of the Management EBIT figure for the financial year ending 31 March 2012 or the accumulated Management EBIT figure of the Target Group for the three months ending 31 March 2011 and the financial year ending 31 March 2012;

the Purchaser shall pay the Third Instalment Sum to the Vendor on 2 July 2012;

4. The Fourth Instalment Sum shall be paid by the Purchaser to the Vendor no later than 3 Business Days after the confirmation by the Purchaser and the Vendor as referred to in paragraph 3 above, provided always that if the Target Group does not achieve the Accumulated Management EBIT Target or the Second EBIT Management Target, the Fourth Instalment Sum shall be deferred and paid on the date of payment of the Last Instalment Sum; and
5. The Last Instalment Sum shall be paid by the Purchaser to the Vendor within 25 Business Days after:
 - the audited consolidated financial statements of the Target Group for the financial year ending 31 March 2013 having been issued by the Target Company and its auditors and received by the Purchaser; and the Aggregate Management EBIT Figure having been received by the Purchaser from the Team and having been reviewed and verified by the Purchaser's Management and confirmed by both the Purchaser and the Vendor in accordance with the terms of the Sale and Purchase Agreement; and

- in the event that the Target Group does not achieve the Aggregate Management EBIT Figure of at least S\$5,105,000 (equivalent to approximately HK\$30,630,000), it is agreed that the payment of Last Instalment shall be adjusted downwards pursuant to the terms as set out in the Sale and Purchase Agreement.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, (i) the geographical span and size of the business operations carried out by the Target Group; (ii) the advantage of the Target Group's IP rights which may allow the Group to compete more effectively in the field of risk management products for financial institutions that focus on credential management solutions for e-channel banking, securities and insurance corporations; and (iii) the readiness of the revenue generating capacity of the Target Group. The Consideration will be funded by the Group's internal resources.

Conditions precedent

Completion shall be conditional upon and subject to, among other things:

- (i) the due diligence review of the assets, liabilities, operations and affairs of the Target Group having been completed with its results to the absolute satisfaction of the Purchaser;
- (ii) all necessary authorisations, licences, consents and approvals required to be obtained from banks, third parties and relevant governmental and/or regulatory authorities having been obtained on terms reasonably acceptable to the Purchaser;
- (iii) all outstanding corporate and financial matters pursuant to the Sale and Purchase Agreement having been completed to the absolute satisfaction of the Purchaser;

- (iv) I-Sprint Technologies Sdn Bhd, a wholly-owned subsidiary of the Target Company, having notified the Multimedia Development Corporation in Malaysia of the proposed change of its effective shareholding pursuant to the Sale and Purchase Agreement, if necessary;
- (v) certain specific representations and warranties by the Vendor remaining true and accurate in all material respects and there having been no material breach of such representations and warranties;
- (vi) there having been no material adverse change or events in or affecting the business and the financial or trading position or prospects of the Target Group;
- (vii) approval by the Shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder, if necessary and in accordance with the requirements under the Listing Rules;
- (viii) the Supplement Management Accounts having been delivered by the Vendor to the Purchaser in a form satisfactory to the Purchaser;
- (ix) the irrevocable and unconditional waiver of each Target Shareholder (other than the Vendor) of any and all rights of pre-emption over or in respect of the sale or transfer of the Sale Shares to the Purchaser having been obtained; and
- (x) the Disclosure Letter having been delivered by the Vendor to the Purchaser in a form satisfactory to the Purchaser.

The Purchaser may at any time by notice in writing to the Vendor waive any of the conditions set out above (save and except for the conditions (ii) and (vii)). The Vendor may at any time by notice in writing to the Purchaser waive only the requirement to deliver the Disclosure Letter to the Purchaser (but not the requirement for the Disclosure Letter to be in a form satisfactory to the Purchaser) as set out in condition (x) above.

In the event that the above conditions are not satisfied or otherwise waived on or before 27 September 2011 or such later date as the parties to the Sale and Purchase Agreement may agree in writing, the Sale and Purchase Agreement shall lapse and be of no further effect.

Other major terms of the Sale and Purchase Agreement

The Target Shareholders shall be entitled to the Net Cash accrued immediately prior to Completion. For the avoidance of doubt, the Accounts Receivables are explicitly excluded from Net Cash.

The Vendor shall be entitled to be paid an amount equivalent to his entitlement of the Accounts Receivables as at the Completion Date.

The Vendor shall be responsible for the settlement of all Accounts Payables, as much as practicable on or before the Completion Date.

Completion

Completion shall take place at a date falling 3 Business Days after the fulfillment or waiver (as the case may be) of all the conditions as set out in the paragraph headed “Conditions precedent” above or such other date as may be agreed by the parties to the Sale and Purchase Agreement.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company whose results will be consolidated into the accounts of the Group.

INFORMATION ON THE TARGET GROUP

The Target Company is a private company incorporated under the laws of Singapore. The Target Group is principally engaged in the business of developing, distributing, implementing and supporting technology risk management products. These products are suitable for financial and insurance institutions and corporations with high security demand environments that require credential and assess management solutions globally.

Based on audited accounts of the Target Group for the financial year ended 31 March 2010, the Target Group had a consolidated net liability value of S\$7,973,767 (equivalent to approximately HK\$47,842,602) as at 31 March 2010.

The audited profit from operations before interest and tax of the Target Group for the financial year ended 31 March 2010 and 31 March 2009 were S\$260,831 (equivalent to approximately HK\$1,564,986) and S\$3,051 (equivalent to approximately HK\$18,306) respectively. The audited net loss before taxation and extraordinary items and after taxation and extraordinary items of the Target Group for the financial year ended 31 March 2010 were S\$684,169 (equivalent to approximately HK\$4,105,014) and S\$657,065 (equivalent to approximately HK\$3,942,390) respectively. The audited net loss before taxation and extraordinary items and after taxation and extraordinary items of the Target Group for the financial year ended 31 March 2009 were S\$941,949 (equivalent to approximately HK\$5,651,694) and S\$995,394 (equivalent to approximately HK\$5,972,364) respectively.

The audited net losses before and after taxation and extraordinary items of the Target Group for each of the two financial years ended 31 March 2009 and 31 March 2010 were attributable to, among other things, a provision of finance cost on preference B shares of the Target Company of S\$945,000 (equivalent to approximately HK\$5,670,000) for each financial year.

REASONS FOR AND BENEFITS OF THE ACQUISITION

At present, the Group is principally engaged in the delivery of comprehensive one-stop shop IT services including applications and software development, consultancy, systems integration, maintenance support, help desk, outsourcing and training to clients across all industries.

The Directors consider that the Acquisition represents an excellent strategic maneuver for the Group to immediately expand its geographical coverage particularly in the Asia Pacific region.

The Directors are of the view that there will be strong business synergy attributable from the Acquisition. The Group's leadership in the IT market will be strengthened as the Acquisition will provide an opportunity for the Group to service more regional clients with deeper account penetration, particularly in the financial and services sector, among other things. Besides, the addition of the Target Group's products and technologies will allow the Group to expand its credential and assess management solutions and enrich the Group's existing security solutions offerings. The Group expects the expanded solutions offerings can address the increasing demand for IT-based security solutions generally driven by sophisticated threats, more regulatory compliance requirements, increased usage of remote access and greater acceptance of new delivery models for services.

In view of the ‘Multi-Level Protection Scheme’ policy in the PRC to support local security solutions and the extensive support from Beijing Teamsun Technology Co., Ltd. (北京華勝天成科技股份有限公司), the controlling shareholder of the Group, the Group considers that the Acquisition would place it in an excellent position to bring the world-class IT security solutions of the Target Company to clients who have operations in the Greater China region or entering into it.

Furthermore, the Target Group’s 10-year proven software development process and IP’s creation experience can facilitate the Group’s strategic plan on IP development which may benefit the long-term growth of the Group. All in all, the synergies of the two groups are expected to further fuel the Group’s business spanning from Greater China to global marketplace, mainly in the Asia Pacific region.

The Directors will continue to explore other business opportunities in the Asia Pacific region that complement well with the Group’s current mix of business operations.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

As one of the applicable percentage ratios as defined under the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to notification and announcement requirements but exempt from the Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Accounts Payables”	the amounts owing to the creditors of the Target Group, being the accounts payables of the Target Group
“Accounts Receivables”	the amounts owed by customers of the Target Group for services rendered or products provided free from all encumbrances, being the accounts receivables of the Target Group
“Accumulated Management EBIT Target”	the target level of the accumulated Management EBIT of the Target Group for the three months ending 31 March 2011 and the financial year ending 31 March 2012, being S\$1,811,000 (equivalent to approximately HK\$10,866,000)
“Acquisition”	the conditional acquisition of the Sale Shares by the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“Aggregate Management EBIT Figure”	the accumulated Management EBIT of the Target Group for the three months ending 31 March 2011 and the two financial years ending 31 March 2012 and 31 March 2013
“Board”	the board of Directors
“Business Day(s)”	a day on which the banks are open for business in Hong Kong (other than Saturday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) and Singapore (other than Saturday, Sunday or a gazetted public holiday in Singapore)

“Company”	Automated Systems Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 771)
“Completion”	completion of the Acquisition
“Completion Date”	the date of Completion
“Consideration”	the aggregate consideration of S\$7.9 million (equivalent to approximately HK\$47.4 million) (subject to adjustment) payable by the Purchaser to the Vendor for the Sale Shares and for settlement by the Vendor of all outstanding and issued share options of the Target Company pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Disclosure Letter”	the letter from the Vendor to the Purchaser in a form satisfactory to the Purchaser, disclosing: (i) information constituting exceptions to the warranties as contained in the Sale and Purchase Agreement; and (ii) details of other matters referred to in the Sale and Purchase Agreement
“Financial EBIT”	the operating earnings before interest, tax, depreciation and amortisation of the Target Group as reflected in the Target Company’s audited consolidated financial statements
“First Management EBIT Target”	the target level of the Management EBIT of the Target Group for the three months ending 31 March 2011, being S\$200,000 (equivalent to approximately HK\$1,200,000)
“Group”	the Company and its subsidiaries from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IP”	intellectual property
“IT”	information technology
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Management EBIT”	Financial EBIT but adjusted to exclude any cash and/or non-cash extraordinary earnings and losses
“Net Cash”	the cash or cash equivalent of the Target Group, less all liabilities (including but not limited to trade payables, other payables, accrued expenses and deferred income) of the Target Group excluding the cash received in respect of the deferred income as at Completion
“PRC” or “China”	the People’s Republic of China but excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	ASL Security Solutions Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 28 March 2011, entered into between the Purchaser (as purchaser) and the Vendor (as vendor) in relation to the Acquisition
“Sale Shares”	the entire issued and paid-up share capital of the Target Company

“Second Management EBIT Target”	the target level of the Management EBIT of the Target Group for the financial year ending 31 March 2012, being S\$1,611,000 (equivalent to approximately HK\$9,666,000)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplement Management Accounts”	the unaudited consolidated balance sheet of the Target Group and the unaudited balance sheet of each member of the Target Group as at 28 February 2011 and the unaudited consolidated income statement of the Target Group and the unaudited income statement of each member of the Target Group for the period from 1 April 2010 to 28 February 2011
“Target Company”	I-Sprint Innovations Pte Ltd, a company incorporated in Singapore with limited liability
“Target Group”	the Target Company and its subsidiaries
“Target Shareholders”	collectively, the Vendor, HAN Cheng Fong, FAN Kow Hin, CHAN Kim Hing, MAH Kah Hoe, GU Guo-Liang, NG Seng Leong, Venkatachalam Krishnakumar, GOH Ti Liang Linus, LAM Kwok Wing, Digiport (M) Sdn Bhd (being an investment holding company) and CHENG Wai Kok, each one of the Target Shareholders is the registered holder and/or beneficial owner of a proportionate number of the Sale Shares

“Team”	the management team of the Target Company which comprises the Vendor and the following persons:
	<ol style="list-style-type: none"> 1. NG Seng Leong; 2. TAN Jit Kiat 3. Priyesh Panchmatia; and 4. MAH Kah Hoe
“Vendor”	CHING Wai Keung, being one of the Target Shareholders
“%”	per cent.
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“S\$”	Singapore dollar, the lawful currency of Singapore

By order of the Board
Automated Systems Holdings Limited
Lau Ming Chi, Edward
Company Secretary

Hong Kong, 28 March 2011

As at the date of this announcement, the Board comprises Mr. Lai Yam Ting, Ready, Mr. Leung Tat Kwong, Simon and Mr. Lau Ming Chi, Edward being the executive Directors, Mr. Hu Liankui, Mr. Wang Weihang and Mr. Chen Zhaohui being the non-executive Directors and Ms. Young Meng Ying, Mr. Lu Jiaqi and Ms. Xu Peng being the independent non-executive Directors.

Unless otherwise specified, translation of S\$ into HK\$ in this announcement is based on the rate of S\$1 = HK\$6. No representation is made that any amounts in S\$ and HK\$ can be or could have been converted at the relevant dates using the above rate or any other rates at all.

This announcement is also available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.asl.com.hk.